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embodying all the features which are now considered essential to that doctrine. Moreover, he carried the idea of marginal cost, which forms such a distinct part of the classical theory of rent, into the other shares in distribution. He conceived that wages and interest, as well as rent, were determined on the margin of cultivation where cost and product are equal. The diminishing productivity of successive increments of labor and of capital, and the increasing cost of these increments, were clearly set forth. The interaction of economic forces, for example the conception of cost and utility as operating against one another in the production of the equilibrium of supply and demand, in which Böhm-Bawerk¹ finds such a stumbling-block, was understood by Thünen.

The monograph is well written and gives the reader a very clear idea of Thünen's methods of investigation, the conditions under which he labored, and the conclusions which he reached. It is thoroughly sympathetic, and this leads the author to see in the writings of Thünen an importance which would scarcely appear to the average reader.

T. N. CARVER.

Workingmen's Insurance. By WILLIAM FRANKLIN WILLOUGHBY, United States Department of Labor. New York: T. Y. Crowell & Company, 1898. 12mo. pp. 386.

SCIENTIFIC workingmen's insurance, we are told, is scarcely ten years old. Now, as everybody knows, it is one of the most pressing and preoccupying phases of social legislation in Europe. Within a decade the vast and pregnant systems of compulsory insurance inaugurated by Germany and Austria have challenged the attention of the world and precipitated the discussion not only of insurance methods but of fundamental theories in regard to the proper sphere and function of the state. There has been a correspondingly extensive crop of government reports and of descriptive, critical and propagandist literature. The impetus of the movement has reached the United States; and a valuable contribution to the study of compulsory insurance has already been issued by the Department of Labor.²

¹ "The ultimate Standard of Value." *Annals of the American Academy*, vol. v. p. 184.

² *Compulsory Insurance in Germany* (Fourth Special Report of the Commissioner of Labor), by JOHN GRAHAM BROOKS.

The present volume, however, aims to give a unified and comprehensive study of the whole modern movement toward workingmen's insurance. It indicates the true nature of insurance, and differentiates it from other forms of relief. It traces the influence of varied historical conditions upon the gradual evolution of diverse systems in different countries, and gives detailed accounts of typical experiments. It discusses the merits and defects of rival systems, and shows the relation of insurance problems to economic changes and new forms of industrial organization.

In general terms, the problem of insurance presents itself to working people in the following way. A workman may be unable to work as a result of any of four contingencies: accident, sickness, old age or invalidity, and the inability to obtain employment. A complete system of provision of assistance must, therefore, necessarily embrace all four of these cases. How have these exigencies been met by voluntary or compulsory systems of insurance in European countries and in the United States? And what are the relative merits of the varied schemes adopted and grouped?

As a matter of fact, the description and discussion of rival forms of insurance against the first three exigencies—accident, sickness, old age or invalidity—occupies practically the whole book. Only a brief appendix of less than a score of the nearly four hundred pages is devoted to the peculiar problem of insurance against unemployment,—with the conclusion that it is scarcely proper to speak of institutions created for this purpose as *insurance* organizations at all. Without in any way disparaging the out-of-work benefits provided by trade unions and mutual-aid societies, or the results of recent experiments by local authorities in Switzerland and elsewhere, it is contended that the erratic and unpredictable character of the causes of unemployment will not lend itself to the accurate calculations and statistical predictions of scientific insurance. “What has been created is really a more systematized plan of granting relief to the unemployed.”

Moreover, the part played in these discussions by insurance experience in the United States, though valuable, appreciative and suggestive, is also relatively insignificant—on the ground that “the problem of workingmen's insurance up to the present time has been essentially an Old World question.” On the other hand, the vast and varied experience of the Old World is, happily, carefully sifted and classified with a view to a comparative study of typical experiments rather than an

exhaustive and repetitious compilation of European experience. Three great movements are thus discovered, operating for the most part independently, but directed to the same end. First and foremost, a general movement in every country, transforming the old mutual and charitable relief societies into scientific insurance organizations. The second movement "consists in the profound change that has taken place in public sentiment regarding the obligation of employers to indemnify their employees for accidents received by them while in their service." . . . "This movement, as far as Europe is concerned, may almost be said to be completed. That it will sooner or later triumph in America is one of the certainties of the future." The third movement is the recent rapid development of compulsory insurance. Since Germany enacted her first compulsory insurance law in 1883, she has not only persistently elaborated and extended her system, but other nations have followed suit. Austria and Norway have adopted the policy of compulsion. The principle of compulsion finds increasing favor in Italy. The Swiss people have formally endorsed it. England closed a prolonged controversy over employers' liability by the passage of the Workingmen's Compensation Act of 1897, making obligatory the compensation of injured workingmen by their employers. In spite of most determined opposition, the same principle has been gaining ground in France since 1880; and since the appearance of Mr. Willoughby's book the struggle which he describes has culminated in the passage of the French Workingmen's Compensation Act, of April 1898, making indemnification of injured employees obligatory upon employers in the principal industries.¹ Austria, Great Britain, Norway and France have thus endorsed the example of Germany to the extent of making the compensation of injured workmen compulsory upon employers.

Reduced to simplest terms, types of insurance are thus found to differ chiefly in the extent to which the state exercises control or supervision. The familiar controversy over this important question of degree, is reproduced with more than ordinary fairness and impartiality. The reader is constantly reminded that the most striking experiments are still too young to afford material for statistical or theoretical conclusiveness. In summarizing the criticisms of compulsory state institutions, it is frankly avowed that fundamental, theoretical and practical

¹ "The French Workmen's Compensation Act," WILLIAM FRANKLIN WILLOUGHBY, in the *Quarterly Journal of Economics*, July 1898.

objections are still unanswered. It is urged, moreover, that voluntary insurance in the past has been hopelessly hampered by defective forms of organization. "We are but entering upon the period of scientific insurance against sickness, accidents, and old age. It is thus too early to say that voluntary efforts cannot possibly solve the problem."

Next to accuracy and impartiality, the greatest excellence of the book is the sanity and good sense which characterizes the treatment of subjects too often complicated with propagandist bias, *a priori* prejudice or doctrinaire preferences. It too frequently happens that writers who discuss these concrete topics of social and legislative expediency first draw their conclusions from so-called general principles—socialistic or individualistic, or something equally abstract—and then illustrate their conclusions with facts. There is nothing doctrinaire about the treatment here. Each country is shown to present a peculiar problem and a gradual evolution in the matter of public sentiment, methods of organizations, private initiative or government control. Even the crowning act of organizing a system of compulsory state insurance is seen to be in some measure the natural sequel to a prolonged policy, and to be in harmony with practices deeply impressed upon the character and expectations of the people concerned. There is, therefore, no attempt to reach universally valid inductions. No international conclusions are drawn from isolated national premises. There is a gratifying respect for spontaneous methods and beginnings, for local traditions, for national characteristics. The geographical extent of the inductions does not too liberally transcend the geographical area of the phenomena.

On the other hand, there is no shrinking from generalization, logical or geographical, where adequate premises exist. Certain elements of the problem are seen to transcend national limits—to be phases in the evolution of our industrial civilization. Great economic changes in the size and organization of industrial units have everywhere modified the status of workingmen, changed the relations of employer and employed, rendered old legal and traditional obligations obsolete. Such changes call emphatically for a redistribution of responsibility and risk and obligation among employers, employees, and consumers. Herein is, perhaps, the main propagandist thesis of the book. Modern industrial conditions call for a new theory of employers' and consumers' liability of "trade risk." The vast majority of accidents must be treated as the result of methods, not men. Their compensation

must be a normal item in the cost of production — a first charge upon the employer's budget, to be shifted upon the consumer as a part of the just price.

In regard to the question of the provision of old-age pensions, or a national system of sick insurance for the benefit of the laboring classes, it can possibly be alleged, with considerable show of reason, that conditions in the United States are so different from what they are in Europe, that the action of the latter furnishes but an indifferent guide as to what should be done here. The same, however, cannot be claimed in the case of accidents to labor. . . . Step by step we have seen almost all the European nations abandon the position that employees have no claim for damages except when they can prove negligence on the part of their employers, in favor of the one where their compensation by the employers should be compulsory in all cases except where they are wilfully and seriously at fault. . . . It would be difficult to think of another field of social or legal reform in which the United States is so far behind other nations.

EDWARD CUMMINGS.

Democracy and Social Growth in America. Four Lectures. By BERNARD MOSES, PH.D., Professor in the University of California. New York: G. P. Putnam's Sons, 1898. 12mo. pp. 129.

UNDER the title of *Democracy and Social Growth in America*, Professor Moses has brought together four critical and speculative essays, in which he has treated American democracy as the outgrowth of social and economic conditions peculiar to America; of conditions which were universal during the earlier formative periods of colonization and settlement, which have tended, in the normal development of society, to pass away, until they now obtain in those localities only which have retained their primitive simplicity—to quote the author's own phraseology, in those localities only “where the wave of westward migration breaks on the shore of barbarism” and in “isolated rural parishes.”

The author finds the fundamental tendency of social growth—fostered by that strongest of social instincts in America, the instinct of progress—to be progress from a state of society characterized by simplicity and equality in the distribution of material wealth among those constituting the society, to a society more and more complex, characterized by greater and greater inequality.

This tendency, inherent in the development of society, although it is a normal and natural tendency, is nevertheless antagonistic to the